

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 19, 2007

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

Report and possible action on Parking and Enforcement and Collections - Delinquent Parking Citation Collection Program - 1999 Outstanding Balance

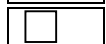
Fiscal Impact



No Impact



Augmentation Required



Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

Update Committee on Parking and Enforcement and Collections - Delinquent Parking Citation Collection Program - 1999 Outstanding Balance.

RECOMMENDATION:

No City Auditor Recommendation

BACKUP DOCUMENTATION:

None

Motion made by PAUL WORKMAN to Approve and accept the report on Parking and Enforcement and Collections - Delinquent Parking Citation Collection Program - 1999 Outstanding Balance

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

JOSE TRONCOSO, LARRY BROWN, MICHAEL W. KERN, PAUL WORKMAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-STEVE WOLFSON)

Minutes:

Mark Vincent, Director of Finance & Business Services, explained that in 2004, the Cardinal System replaced a very archaic system and collection process. As of this meeting, there was approximately 20 million dollars in outstanding parking fines and penalties. The penalties alone would comprise about 60 percent of the total. Approximately 12 million dollars of that total, would be fines/penalties incurred prior to the implementation of the Cardinal System. Since September of 2005, there has been approximately 3 million dollars in new outstanding fines and approximately 4.6 million in penalties and fees.

Mr. Snelding noted that this item resulted from a request by the Audit Committee for a status report on the 1999 outstanding balance collection effort.

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Mr. Vincent told the committee that collection efforts are dismal, with a collection rate of only 3 percent of the outstanding balances. He felt that by waiting so long to submit delinquencies to the DMV and to the collection agency, opportunities are missed to catch violators prior to registration tag expiration. The tickets are associated with the vehicle, not the driver or owner of the vehicle. The City should submit delinquent tickets to the DMV and collection agency when the ticket becomes delinquent.

He noted that 85 percent are tickets issued to Nevada residents. The City does have agreements in place that allow us to hold up license plates or registration on ticketed vehicles; however, the City's former policy was to wait until only 90 days prior to the expiration of said license plate. At that time, the Department of Motor Vehicles (DMV) would then hold the request for 24 months. City policy was also to wait 24 months before sending the tickets to a professional collection agency.

While he was unsure the City could do better with the policy for the DMV, Mr. Vincent did report that he was unhappy with collection agency results. The company being used, Credit Bureau Central, which was selected on a competitive basis, is collecting around 3 percent. Comparatively the DMV system collects about 28 percent. He suggested the City should secure the services of a collection agent with a background in parking ticket collections.

Vice-Chair Brown questioned if any justification had been offered regarding the low collection rate. Mr. Vincent replied that to his knowledge, they have not been questioned about it. He stated using a collection agency is new process and much of the debt sent to them was already aged. To be fair, they did have large amounts of stale tickets referred to them for collection; however, Credit Bureau Central is not an experienced ticket collection agency. Member Workman noted that if the data sent to the agency is accurate, that number does seem low even if the debt is old. He felt taking the process to an agency that works with this type of collection would be good.

He stated the City will have problem in having 12.5 million dollars in tickets and fines which are 4 years old or older. With debt that old, it could be hard to get any collection agency interested in putting forth energy to collect a \$100 debt. The City is in a position to find a new collection agency at this time and will issue a Request for Bid (RFB) to secure one.

The Chairman questioned how long it would take to find a new agency. Mr. Vincent estimated at least 60 to 90 days due to time constraints associated with budget preparation.

Vice-Chairman Brown questioned the percentage of tickets paid on time. Not having the specific number, Mr. Vincent estimated less than 50 percent. In any given year, only 60 percent of issued tickets are collected and the majority of those are paid late. The Vice-Chair also requested clarification on how old the 12 million dollars in old debt actually is. Mr. Vincent stated that debt could go back forever. Mr. Vincent did point out that the tickets are not recorded as revenue until the ticket is collected. There is a write off policy for regular general receivables and it might be a good idea to look at creating a write off policy for older ticket debts.

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Otherwise, the numbers will just continue to grow. Additionally, the City should concentrate on those that are collectable and do a better job.

Vice-Chairman Brown asked Mr. Vincent to work with Jim Carmany of Municipal Court regarding citywide total collections for parking tickets, court fines and outstanding warrants to look at how the City can collect that money. Mr. Vincent told him that Municipal Court has a separate and somewhat successful process they use which is independent of the Treasury and Finance functions. He would be happy to meet with Mr. Carmany for an overview of the debt remaining.

Member Workman stated that from his previous collection experience, most agencies would not bother to make a phone call on any debt less than 100 dollars. He suggested investigating whether there is a delinquency database we could participate in that tracks other debts such as utilities. He also suggested printing names of individuals in the news paper. He felt that once people know they are being pursued for the debt, the chances of collection are improved. Any debt over 100 dollars would then be referred to the agency.

